



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0058	Title:	Increase unemployment benefit/allow if leave job for spouse's military transfer
Primary Sponsor:	Keane, Jim	Status:	Second Reading - Revised

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
Other	\$2,130,000	\$3,740,000	\$5,040,000	\$5,110,000
Revenue:				
Other	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of Fiscal Impact:

The maximum weekly benefit amount is increased from 66.5% to 67.5% of the state average weekly wage and the minimum weekly benefit amount is increased from 19% to 20% of the state average weekly wage if the unemployment insurance contributions schedule is schedule 1. If the unemployment insurance contribution schedule is schedule II or higher, the maximum weekly benefit calculation is 66.5% of the state average weekly wage and the minimum weekly benefit amount calculation is 19% of the state average weekly wage. Section two adds a new non-disqualifying employment separation to unemployment insurance law. An individual may voluntarily leave (quit) employment because of the mandatory transfer of their spouse to another location by the military. The separating employer's unemployment tax account would not be charged for any benefits paid due to this separation.

FISCAL ANALYSIS

Assumptions:

1. Using current unemployment insurance law, the minimum weekly benefit amount and the maximum weekly benefit amount (effective July 1, 2007) are estimated to be \$109 and \$380. Passage of this bill

would increase the minimum weekly benefit amount to \$115 per week, a \$6 increase per week. The maximum weekly benefit would increase to \$390, a \$10 increase per week.

2. Because this bill is effective October 1, 2007, the increased weekly benefits for 9 months of FY2008 are estimated to be \$2.13 million.
3. For FY 2009, the minimum weekly benefit amount is estimated to be \$122 and the maximum is estimated to be \$416.
4. For FY 2010 and FY 2011, a 2.5% inflation factor is assumed to determine the potential expenditures from the unemployment insurance trust fund.
5. The various amounts listed for the fiscal years are the estimated maximum benefit entitlement, which assumes individual claimants exhaust their claim entitlement. If the claimants do not exhaust their claim entitlement, the expenditures would be less.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
Department of Labor and Industry				
<u>Expenditures:</u>				
Benefits	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
Other (UI Trust Fund)	\$2,130,000	\$3,740,000	\$4,940,000	\$5,040,000
<u>Revenues:</u>				
Other	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
Other (UI Trust Fund)	(\$2,130,000)	(\$3,740,000)	(\$4,940,000)	(\$5,040,000)

Effect on County or Other Local Revenues or Expenditures:

1. Passage of the increased weekly benefit amounts should not by itself affect county or local entity unemployment tax rates unless the county or the entity significantly reduces their workforce.

Technical Notes:

1. Currently, the department does not track employment separations due to accompanying a military spouse. Therefore, no reliable estimate of potential claims filed (or benefits paid) can be determined. Given that one military base is present in the state and a small number of military recruiters are present within the state the department does not believe the impact to the unemployment insurance trust fund will be significant.

Sponsor's Initials

Date

Budget Director's Initials

Date